

Hardlines & Leisure

Furniture Retailer Survey by PSC/HFA - Q2 Rebounds Strongly; Q3 Outlook Bullish

CONCLUSION

Upon the completion of our Piper Sandler / Home Furnishings Association (HFA) Q2 Furniture Retailer survey, Q2 sales trends (which were -8% y/y overall) showed strong improvement in May/June, and solid growth for July 4th weekend. Importantly, retailers have a very positive forecast for Q3 with sales growth estimates averaging 15%+. Online growth in Q2 was very strong at +200% y/y, and Online trends have remained relatively steady since a majority of stores have re-opened. For stock call-outs, we believe the survey readings are favorable for both W and BIG (based on the Q3 outlook, and continued strength in online trends).

- **Q2 Furniture Retailer Survey Shows -HSD% Sales Declines; 15%+ Growth Expected for Q3**

- **Q2 sales growth** was -8% y/y on both a mean and median basis. Responses ranged from -55% to +40%.
- **Monthly Trends Show Improvement Through Q2.** Following April declines of approx -50% y/y, May sales rebounded to +15% y/y, and June sales accelerated further to +30-40% y/y. **Conclusion: Strong rebound in sales as stores re-opened, and consumers shifted discretionary spend towards home (aided by stimulus checks).**
- **Q3 Sales Estimates Positive:** Looking ahead, retailers expect +15% and +17% y/y sales growth in Q3 on a mean and median basis. **Conclusion: Bullish Q3 sales outlook; Strong acceleration vs. Q2**
- **Online Sales Strong:** Online sales grew 210% and 180% on a mean and median basis. Online sales represented 10-11% of total sales in Q2. Since re-opening a majority of stores, Online trends appear to have remained relatively steady (on a net basis). **Conclusion: Online sales likely remain quite elevated in Q3 even as stores have re-opened.**
- **Category Trends.** Sales trends for Upholstered Products, Case Goods, and Home Decor/Other were relatively similar in Q2 with single-digit declines; Home Decor appeared to be slightly more resilient (on median basis).
- **July 4th Weekend sales growth** was up 16% and 13% on a mean and median basis; results were above Q2 overall (-8%) but below June growth (+30-40%).
- **Length of Delivery Time.** The current length of time for delivery to home following a consumer purchase is 11 days and 5 days on a mean/median basis.

- **Going Forward....**In partnership with the HFA, we plan to repeat our survey effort every quarter with a static group of retailers. We will look to expand the retailer survey set. If there is sufficient interest from both investors and retailers, we may look to shift to a monthly survey cadence (similar to the Piper Sandler Mattress Retailer survey).

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Related Companies:	Share Price:
BIG	41.73
W	218.00

INDUSTRY RISKS

Risks include macroeconomic factors, commodity inflation/deflation, weather, store expansion strategy, and competition.

Q2 '20 Furniture Retailer Survey

Completed in partnership by Piper
Sandler & the Home Furnishings
Association

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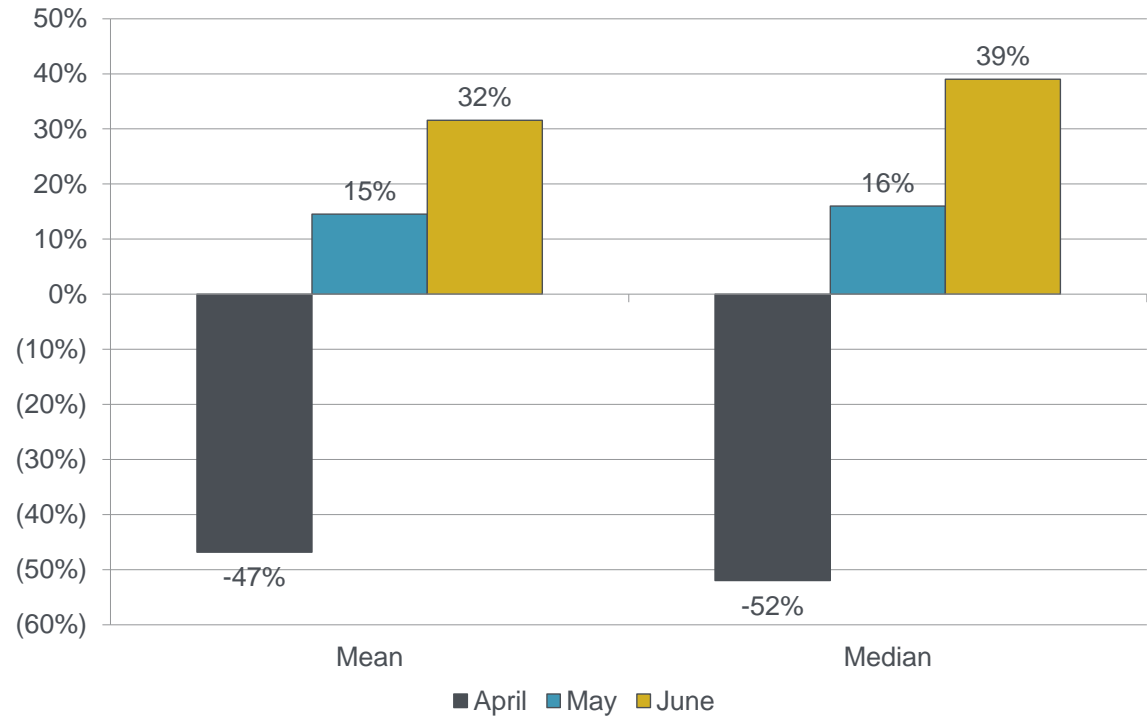
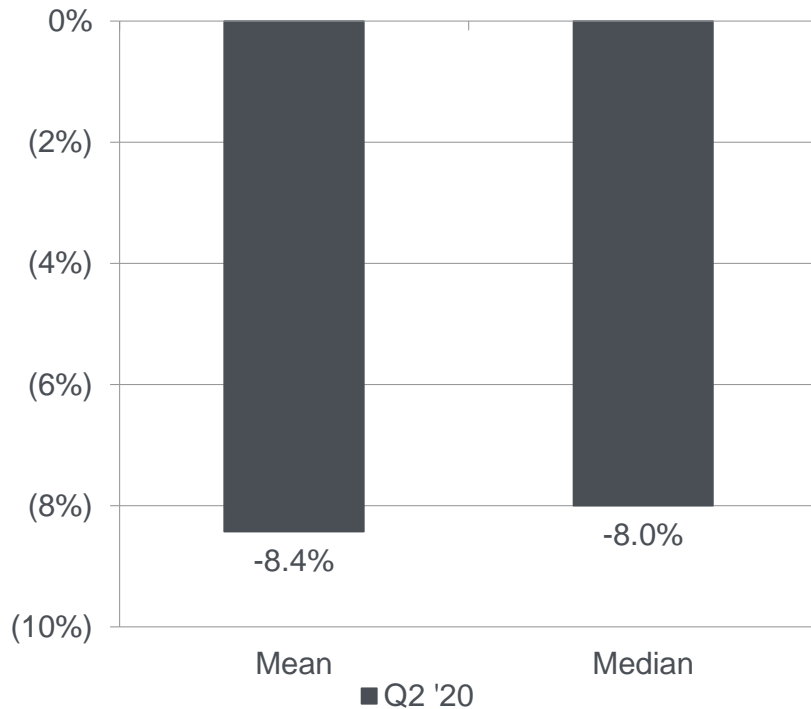
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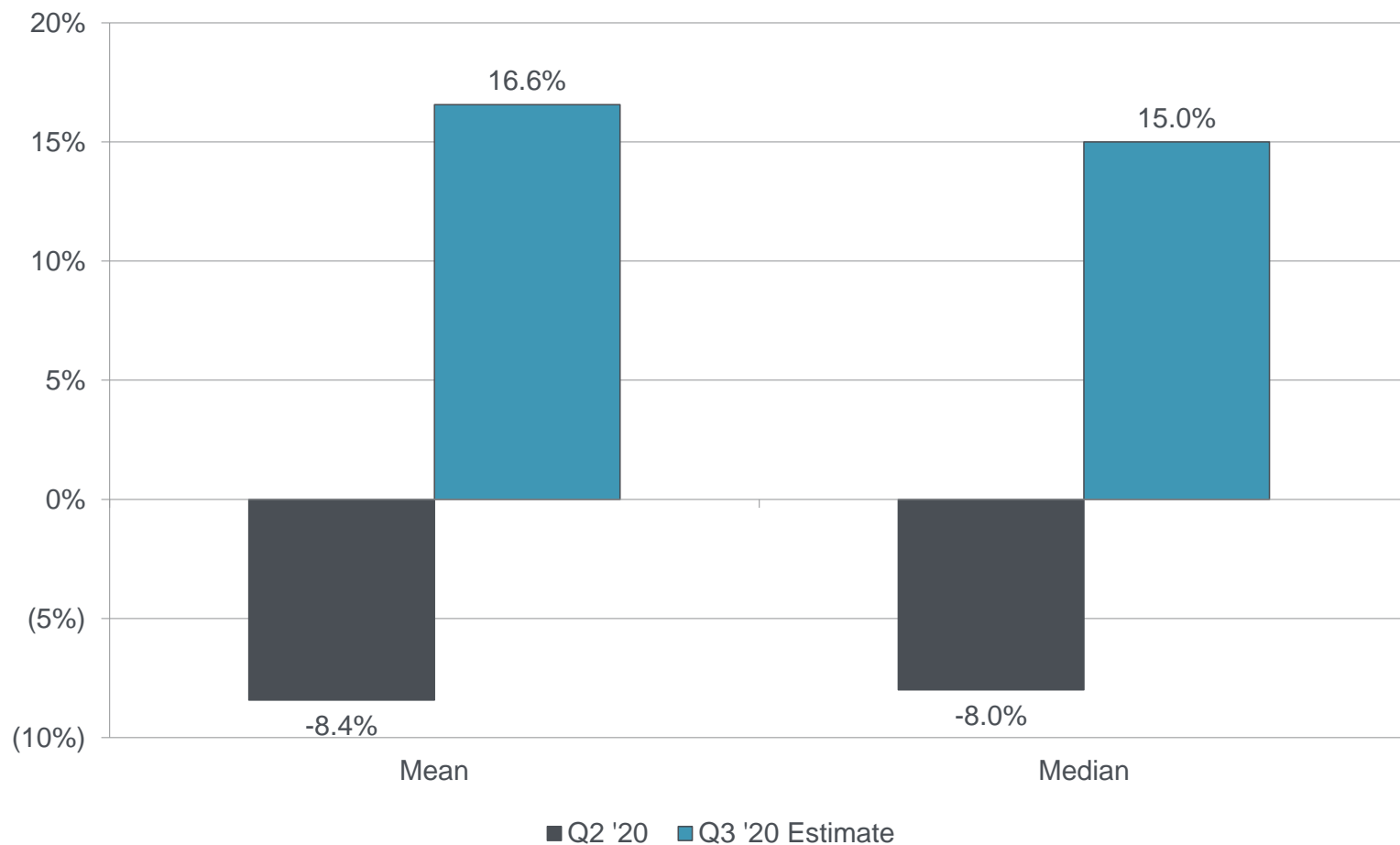
Q2 Sales Results: What was your Q2 (Apr-June) total home furnishings sales (delivered only, not written) growth y/y?

- Q2 sales growth was down -8% on both a mean/median basis
- Sales growth trends showed strong improvement as the quarter progressed, though
 - Following April declines of approx. -50%, May sales were up +15%, and June sales were up +30-40%



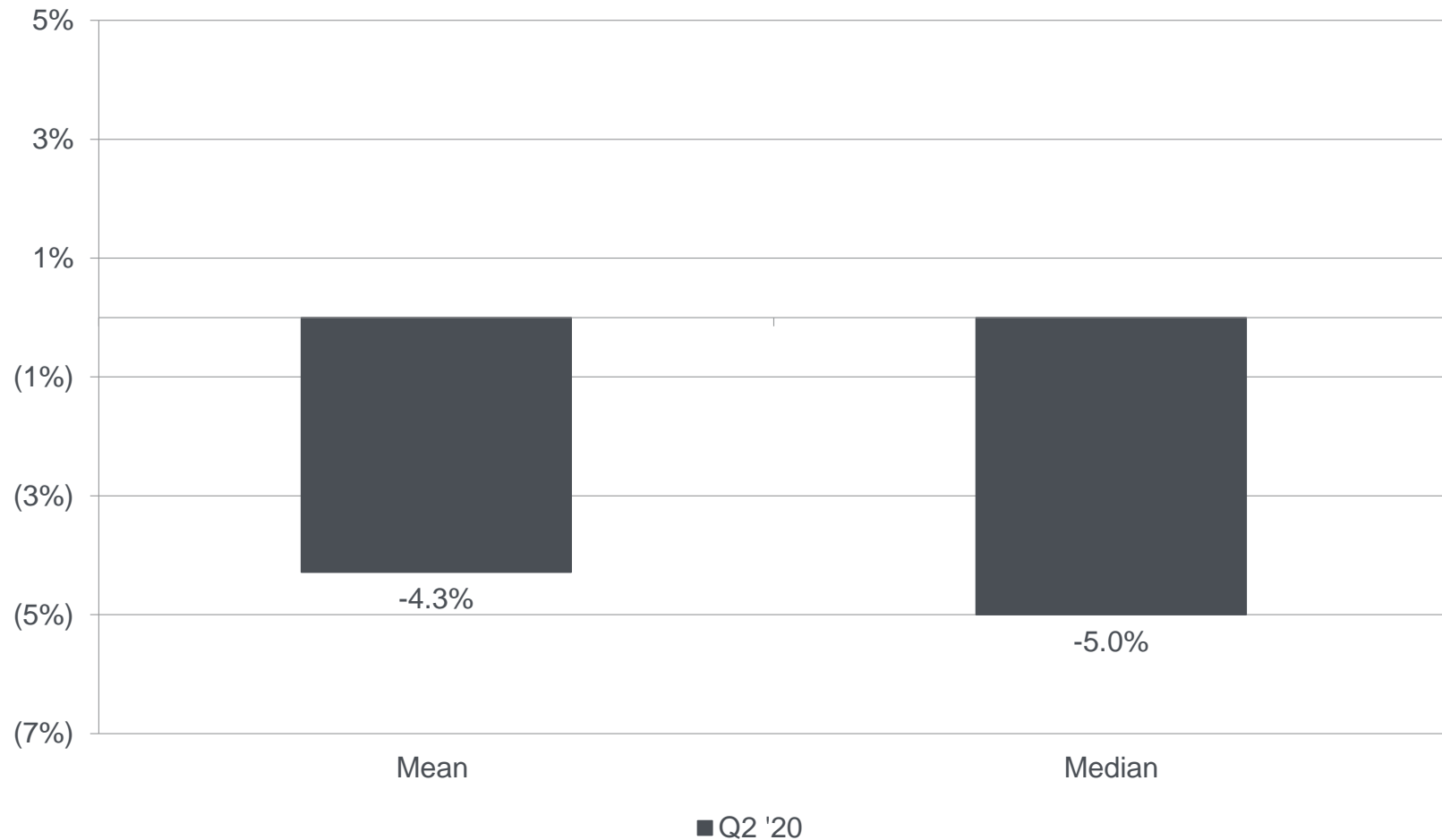
Q3 Sales Outlook: What do you estimate your total home furnishings sales growth will be in Q3 (July-Sept)?

- For Q3, retailers estimate sales growth of +17% and +15% y/y on a mean/median basis, suggesting solid acceleration from Q2 at -8% -- and potential for an exceptionally strong quarter y/y



Q2 Transactions: What was your Q2 (Apr-June) total home furnishings transactions (delivered only, not written) growth y/y?

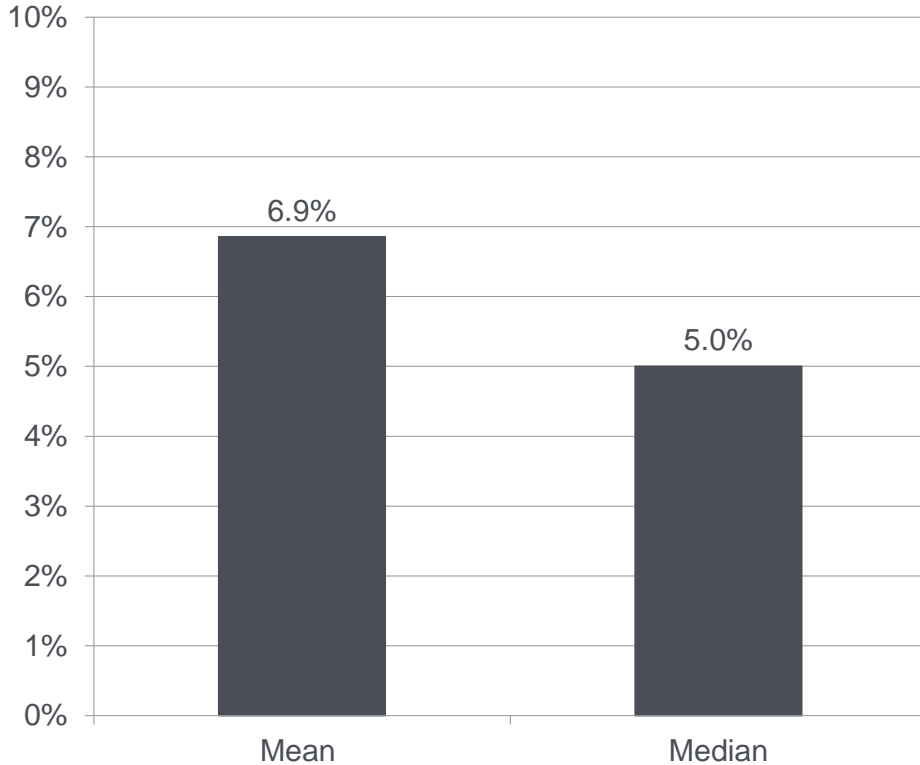
- Q2 transactions growth was down -4.3% and -5.0% y/y on a mean/median basis



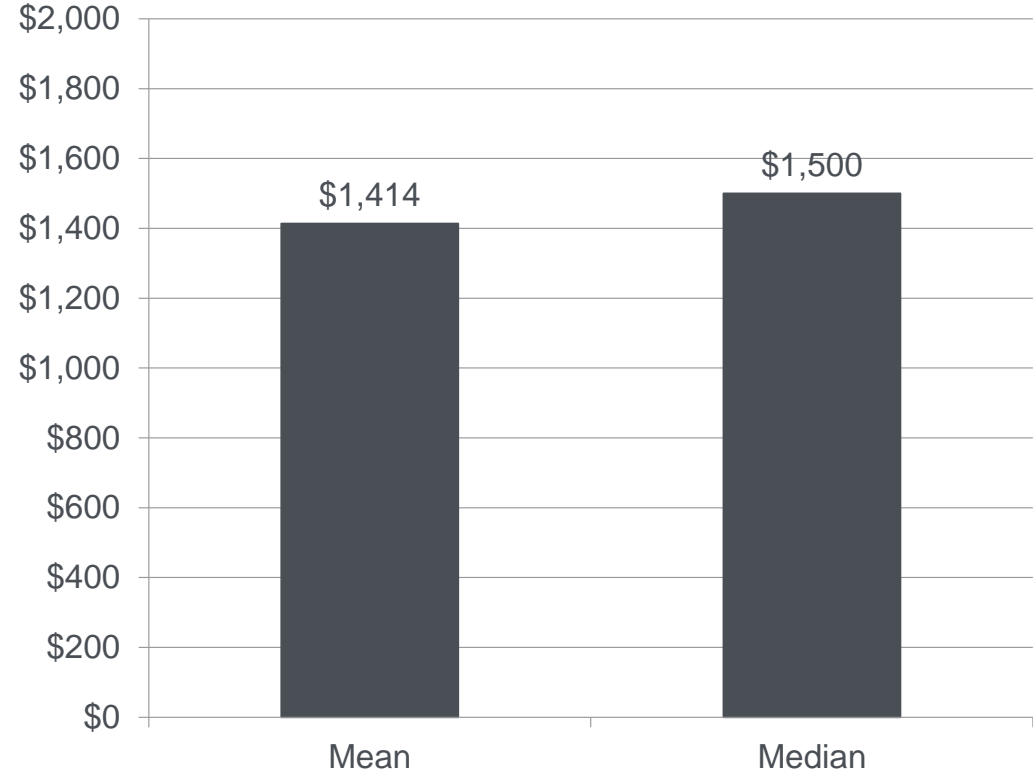
Q2 Average Selling Price (ASP): What was your Q2 (Apr-June) total home furnishings ASP growth y/y?; What was the size of your ASP?

- Q2 ASP growth was up 7% and 5% y/y on a mean/median basis
- Q2 ASP size was \$1,414 and \$1,500 on a mean/median basis

ASP – Y/Y %

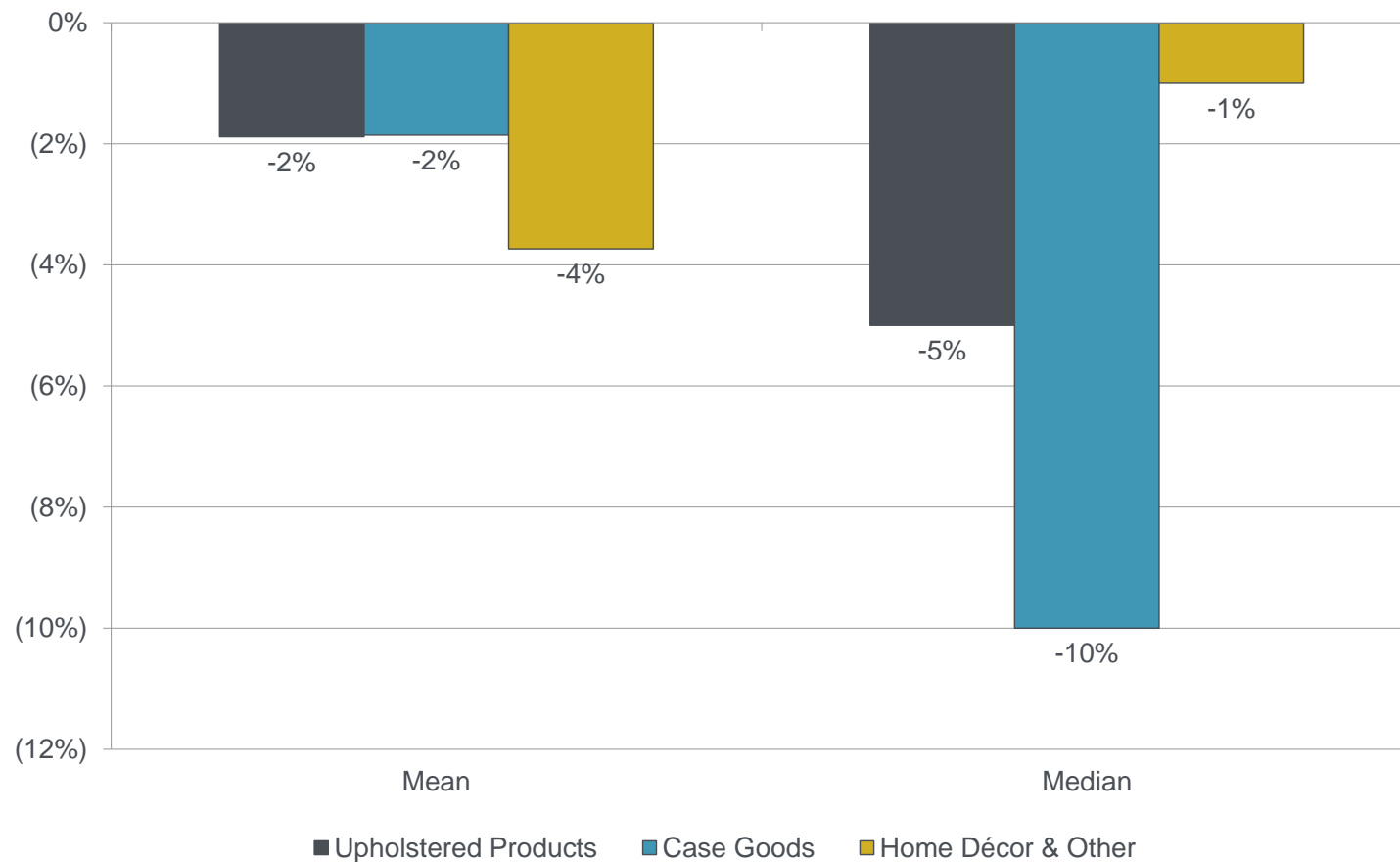


ASP – in \$s



Q2 Category Growth: What was your Q2 total dollar growth y/y (delivered only, not written) of your Upholstered Products, Case Goods, and Home Décor/Other categories?

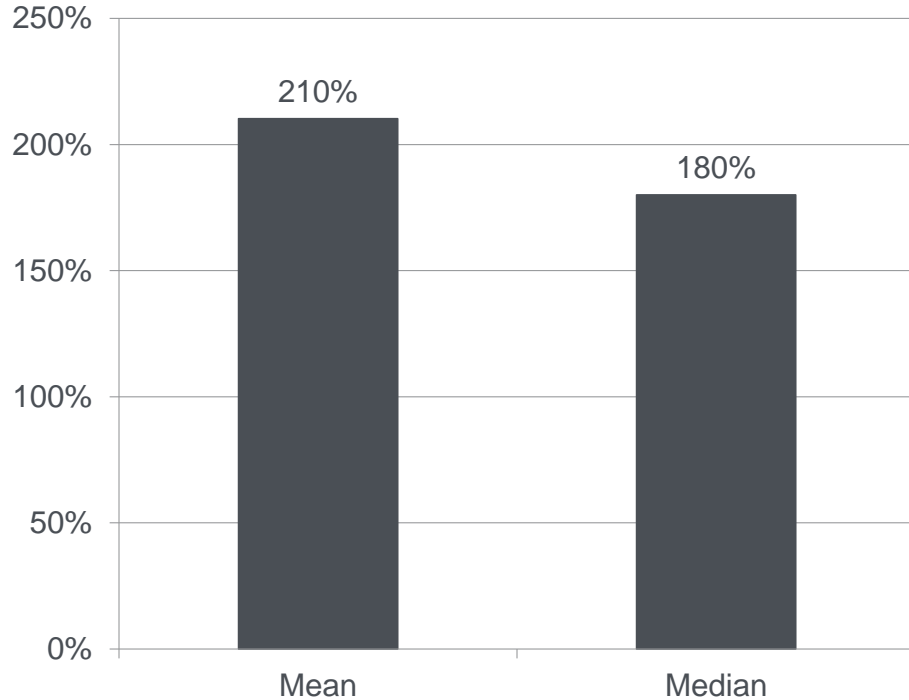
- Upholstered Products were down -2% and -5% on a mean/median basis
- Case Goods were down -2% and -10% on a mean/median basis
- Home Décor/Other was down -4% and -1% on a mean/median basis



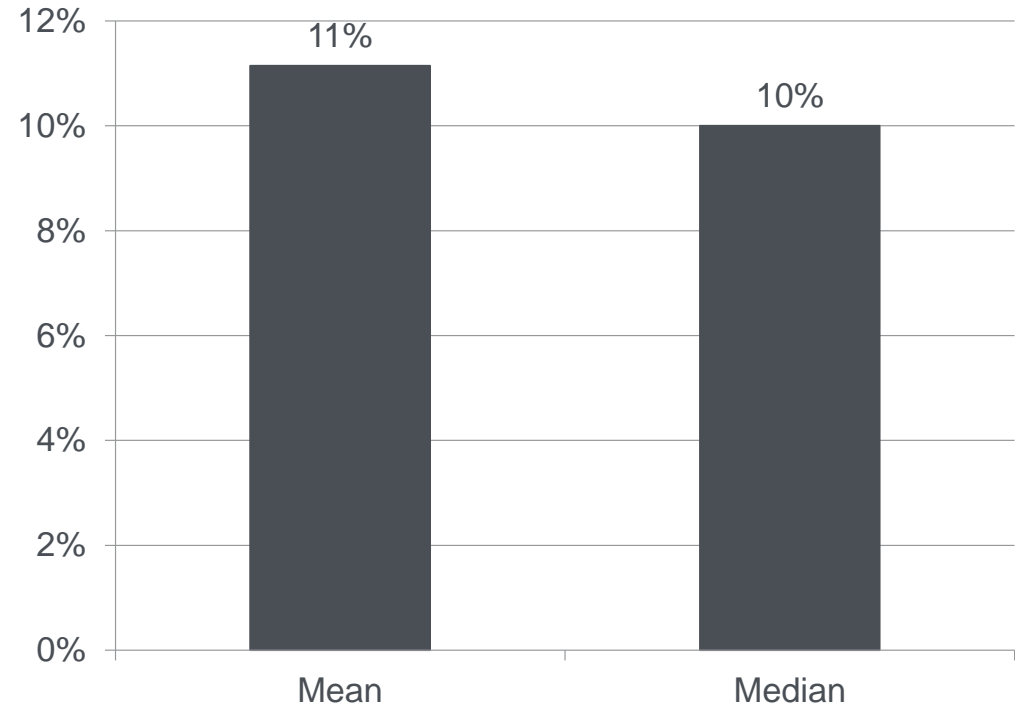
Q2 Online Sales: What was your Q2 Online sales growth y/y?; What did Online sales represent as a % of total sales in Q2?

- For Q2, Online sales grew 210% and 180% on a mean/median basis
- For Q2, Online sales represented 11% and 10% of total sales on a mean/median basis

Online – Y/Y % Growth



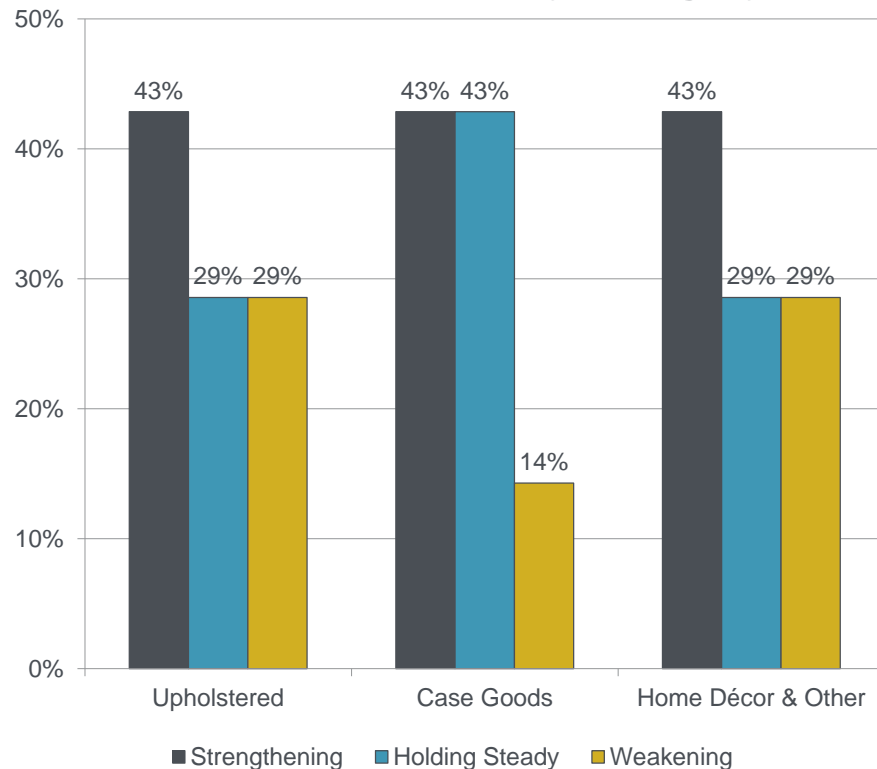
Online – as % of total sales



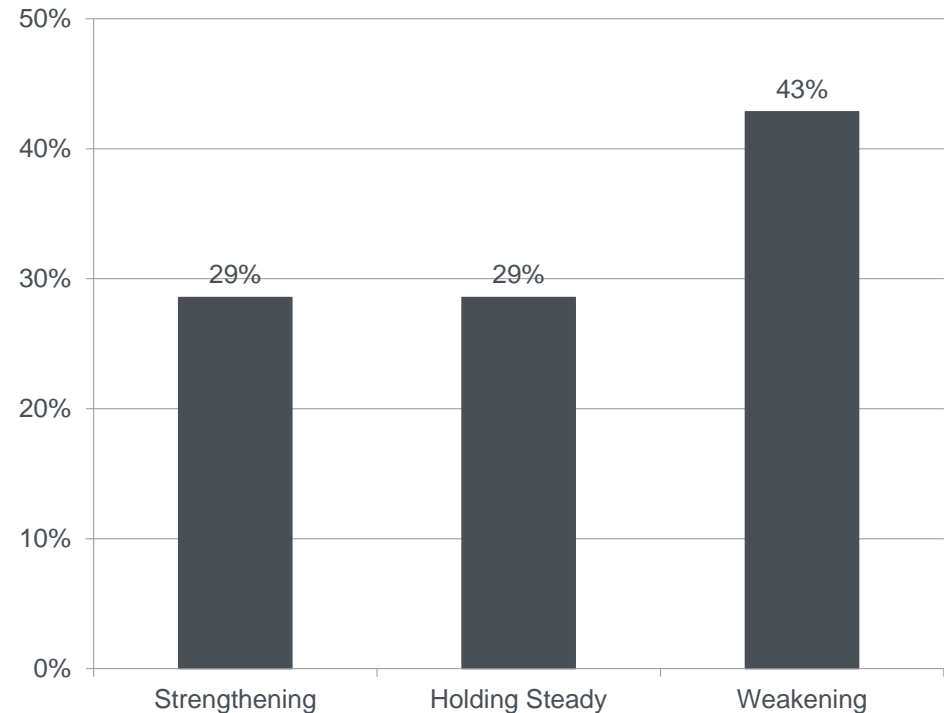
Online Trends Since Re-opening Stores: How are online trends by category since re-opening a majority of your stores? How are overall online trends since a majority of your stores re-opened?

- For each category, retailers said trends have strengthened slightly on a net basis since re-opening a majority of stores
- For overall online trends, while 43% of retailer noted online sales were weakening, 57% of retailer noted online sales growth was strengthening or holding steady since re-opening a majority of stores

Online Trends – by Category



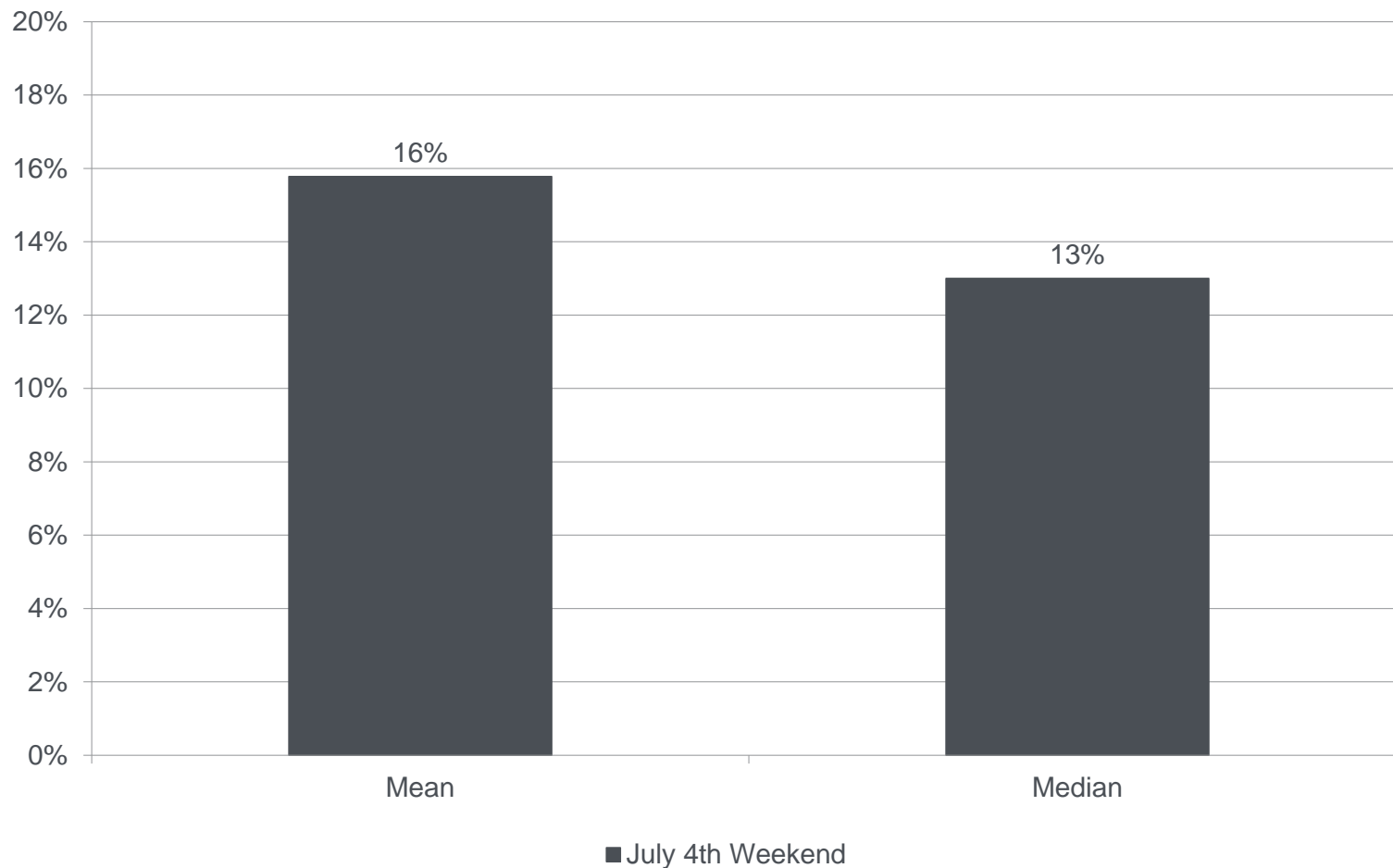
Online Trends – Overall



Source: Piper Sandler Furniture Retailer Survey

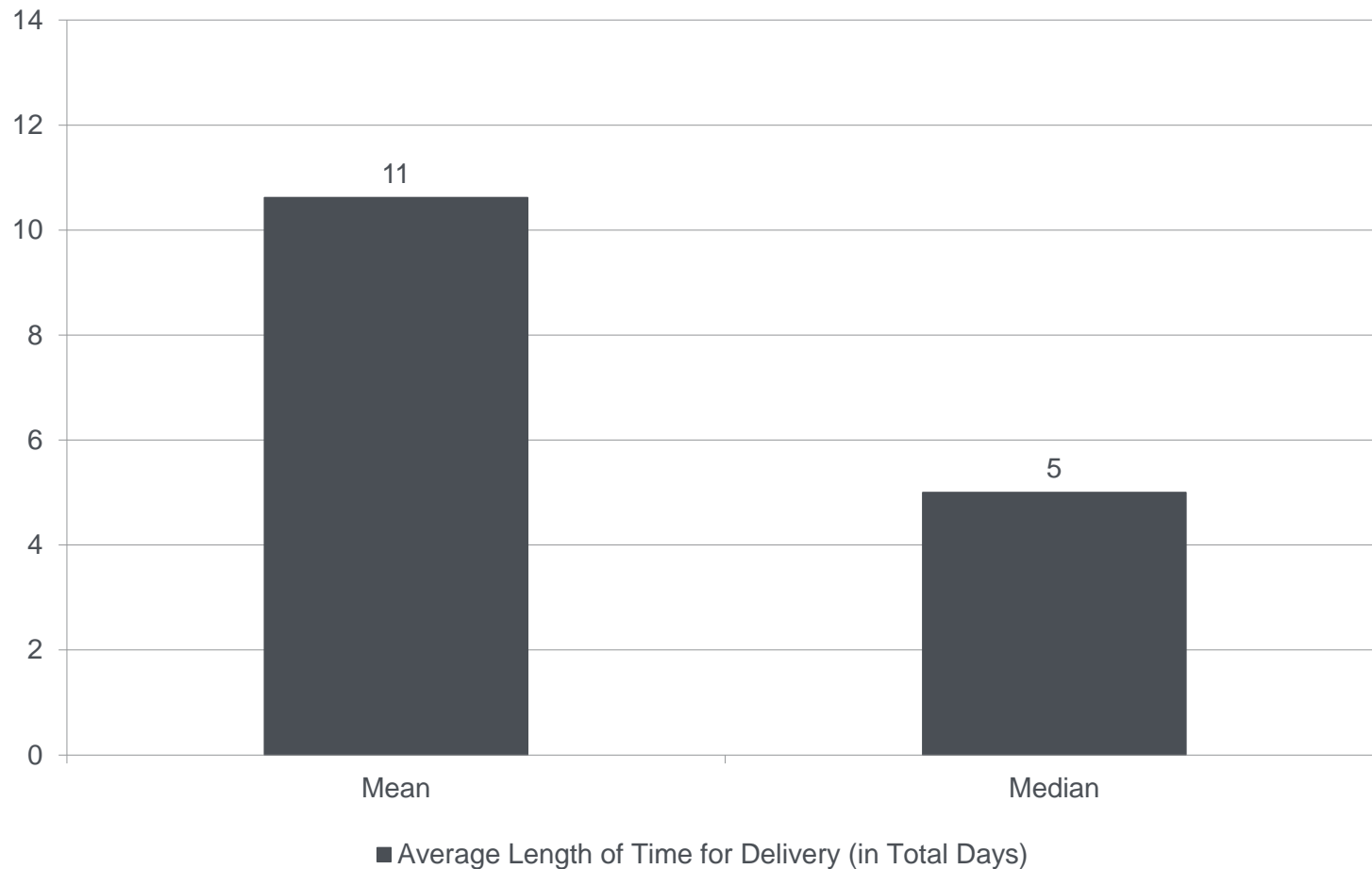
July 4th Sales: What was your July 4th Weekend sales growth y/y? (delivered only, not written)

- July 4th Weekend sales were up 16% and 13% on a mean/median basis
 - Results were above Q2 overall (-8% y/y) but below June growth levels (>30% y/y)



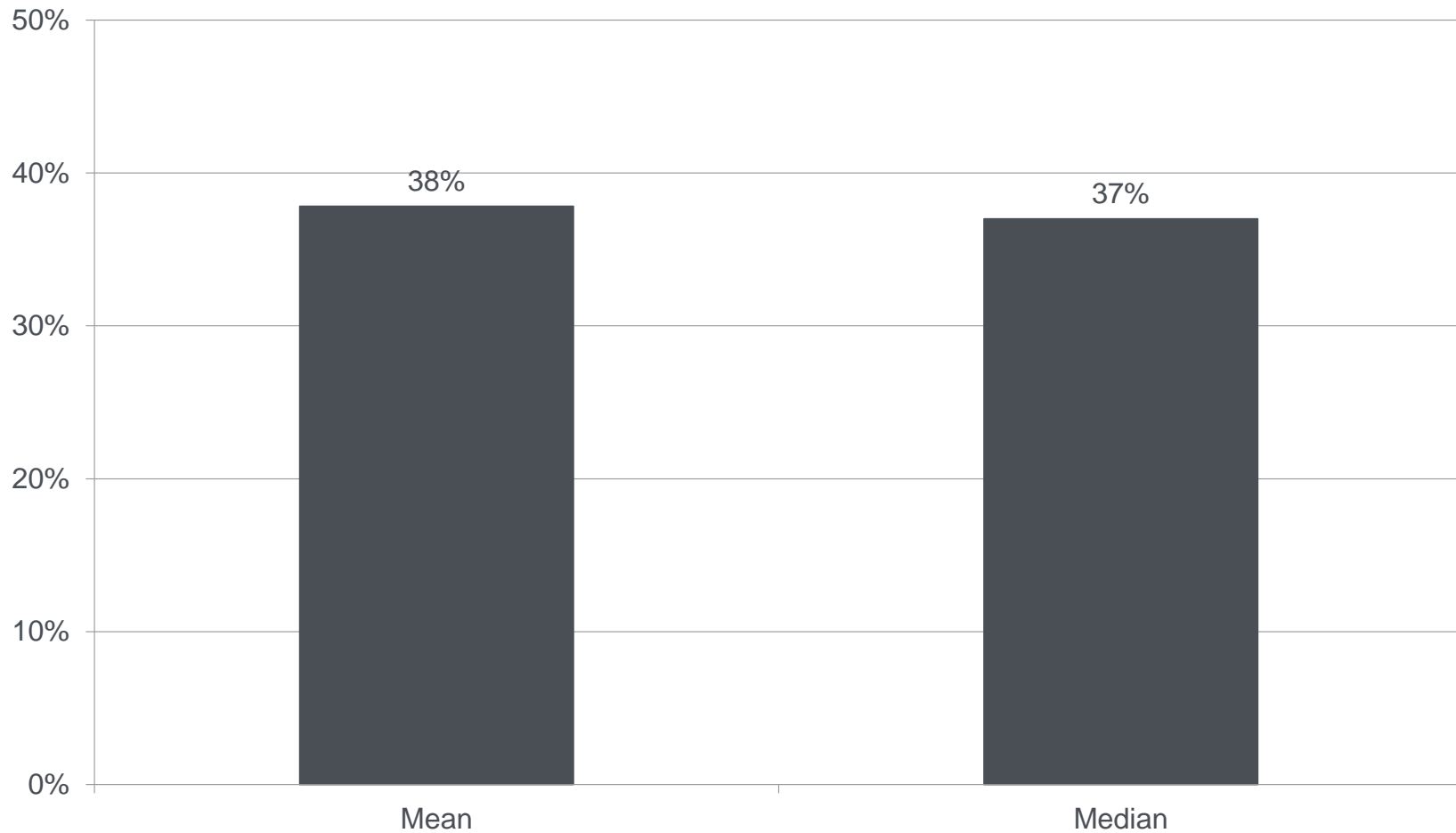
Length of Delivery Time: What is your current average length of time for delivery to home following a consumer purchase (average lead time) in total days?

- Current average lead time is 11 days and 5 days on a mean/median basis



% of Sales Financed: What percentage of your dollar sales utilized financing in Q2?

- Financing was utilized for 37-38% of sales in Q2



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			Count	Percent
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